GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

JANUARY 9, 2001

Summit Demonstrates Rail-Grain Dependence (part 3 of 3). At the recent USDA-sponsored Agricultural Transportation Summit, speakers from the rail industry discussed implications of policy decisions and market demand and their influence on such things as infrastructure, competition, rail capacity, and customer service.

Charles White, Associate Administrator for Policy and Program Development at the Federal Railroad Administration (FRA), characterized the industry as being exemplary by world standards. He did, however, raise several issues which may determine the future strength of the industry and its ability to adequately serve the agricultural sector. While the Surface Transportation Board (STB) works to maintain a level of competition by establishing merger guidelines, White feels that even more important issues are capacity and infrastructure. Traffic at U.S. port areas, for example, is rapidly approaching capacity, and it is uncertain how space will be allocated with regard to rail movements and agriculture. Necessary long-term infrastructure investment is also uncertain. Federal support may be needed to help railroads operate and develop infrastructure. White expressed doubt that e-commerce will meet its expectations since there is no guarantee that the underlying transportation system will keep pace with information technology. Instead, "positive train control," such as computer-assisted scheduling, will allow the industry to overcome capacity constraints. One significant change is that the industry is becoming more contract-carrier than common-carrier oriented. It is, therefore, becoming discriminating and losing its common carrier obligation. He noted, however, that railroads must deal with the volatility of agricultural railcar supply and should not be expected to maintain a fleet to account for this volatility. One solution may be to create a free-flowing car pool subject to third-party computerized management.

Steve Bobb, Group Vice President of Agricultural Products at the Burlington Northern Santa Fe Railroad (BNSF), discussed the Class 1 railroads' perspective and steps they have taken to accommodate the agriculture industry. Bobb focused on the aspects of increased capacity, improved service, and lower cost. It was noted that the capital expenditures of BNSF have exceeded its operating expenditures from 1994 through 1999, with more than $10.5 billion invested since 1995. Despite investor concern, BNSF felt it was necessary to improve service through the purchase of 1,400 locomotives to accommodate the annual fall grain peak, as well as to invest heavily in grain cars and rehabilitation of grain cars. This, he is confident, is beginning to result in operating efficiencies and improved customer service. Accordingly, Bobb noted that creating efficiencies through load centering, necessitating investment in larger elevator facilities for grain shippers, is not unique to rail transportation. In comparison, he noted that barge companies are seeking to move larger tows through locks, and ocean freighters are seeking to call at fewer ports to load vessels. Bobb also stated that BNSF will remain committed to improved service at lower cost, although he did not feel it could provide equal service to all customers. There will be continued focus on single car service improvement, for example, which will require substantial investment due to its information- and technology-intensive nature.

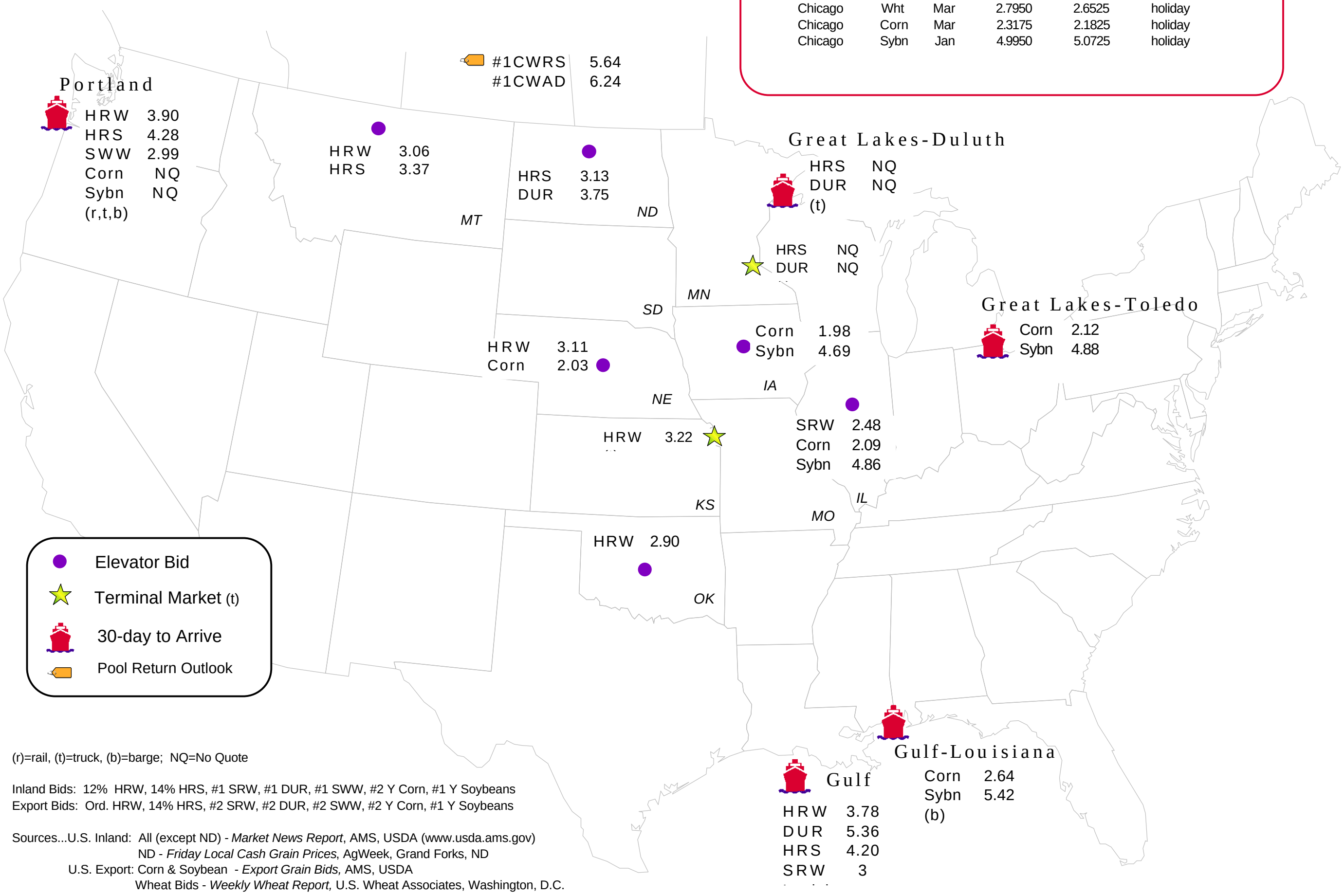
Diane Duff, Executive Director of Alliance for Rail Competition (ARC), spoke on behalf of a diverse coalition of rail customers. Concerns of ARC include ensuring customer access to a flexible transportation structure, encouraging adequate competition, and meeting the need to promote growth and development in rural America. With significantly fewer but larger Class 1 rail carriers since the Staggers Act of 1980, Duff views the biggest dilemma as market domination and a lack of customer choice. She noted that the option of truck and barge transport is not a practical choice for many shippers. Rail volume has not increased appreciably in the last 50 years, which she attributed largely to a lack of customer service. Increased market-based, rail-to-rail competition, she feels, will not only promote capital investment and customer service, but also improve profit and revenue for railroads. In achieving and expanding rail choice, Duff noted that the STB would likely not be a realistic option, since its focus is on competition with other modes and not between railroads and since the proposed merger rule ignores existing competitiveness problems and identifies no specific requirement for enhancing competition. Instead, ARC supports the Rail Competition and Service Act. Several ways to increase competition, according to the coalition, would be to clarify rail transport policy, require rates over bottleneck segments, promote competition within terminal areas, address special concerns of captive low-volume agricultural shippers, eliminate the annual revenue adequacy test, streamline market domination determinations, and require railroads to submit performance reports to the Department of Transportation.

Frank Turner, President of American Short Line and Regional Railroad Association, described the concerns of his constituents. The biggest problem, according to Turner, is that of heavy axle loading; that is, the move from 263,000-pound to 286,000-pound railcars. Although more efficient and beneficial to Class 1 carriers, short lines with a limited customer base and funding availability are finding it difficult to justify or even to afford the investment. After a failed attempt to derive funding from the 4.3-percent fuel tax paid by railroads, Turner is hopeful that a bill to be introduced in Congress will provide short lines with $250 million per year for 2 years, with the FRA to decide on its allocation. Failure to upgrade, Turner fears, will result in a shrinking national rail system, the small shipper being disadvantaged, increased maintenance on roads, and impacts on safety.

Presentations are available through the live webcast at the USDA's Internet site: http://www.ams.usda.gov/tmd/summit/webcast.htm

Grain Bid Summary

Futures:			12/29/00	Week Ago 12/15/00	Year Ago 12/31/99
Kansas City	Wht	Mar	3.3000	3.1225	holiday
Minneapolis	Wht	Mar	3.2725	3.1975	holiday
Minneapolis	Dur	Mar	5.0000	5.0000	n.a.
Chicago	Wht	Mar	2.7950	2.6525	holiday
Chicago	Corn	Mar	2.3175	2.1825	holiday
Chicago	Sybn	Jan	4.9950	5.0725	holiday

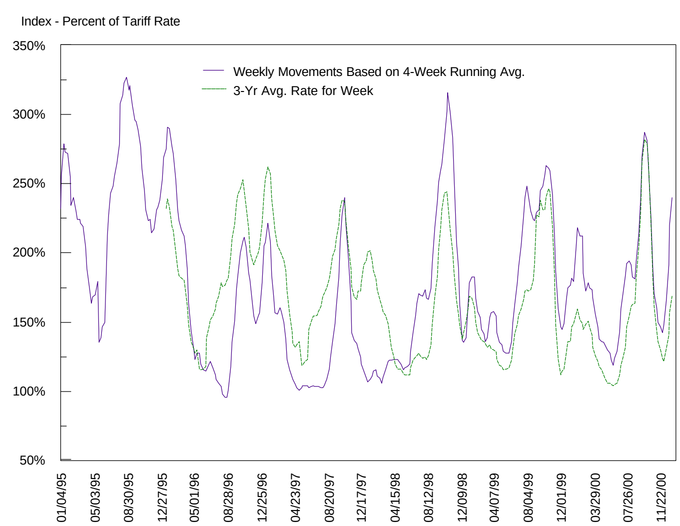


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

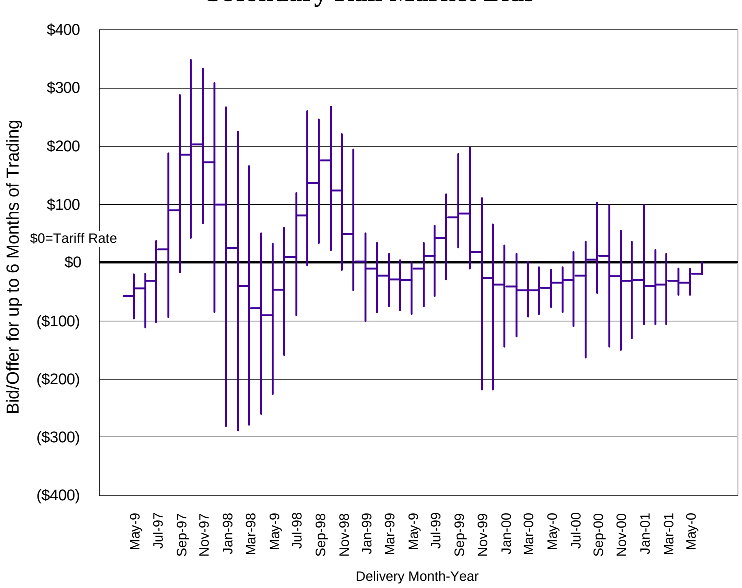
Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Jan-01		Mar-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,141	28%	12,141	2%
UP-GCAS	5,400	0%	5,400	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, $/Car - Last Week

	Delivery Period			
	Jan-01	Feb-01	Mar-01	Apr-01
BNSF-GF	$107	$23	$17	$(17)
UP-Pool	$57	$22	$7	$(22)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, $/Car - Last Auction

Delivery for:	Feb-01	Mar-01	Apr-01
COT/N. Grain	$3	$4	no bid
COT/S. Grain	$0	$0	no bid
GCAS/Region 2	no offer	no offer	no offer
GCAS/Region 4	no offer	no offer	no offer

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate Bid	Rate Offer
12/5/00	St. Louis	twk	125	135
		nwk.	130	135
		2nd half Dec.	130	140
		Jan.-Mar.	130	140
	Illinois River	twk	160	170
		nwk.	170	175
		12/17	170	180
	Lower Ohio	twk	135	145
		12/17	140	145
		Jan.	150	155
		Mar.	140	145

Summary Of Daily Barge Trades Will Be Revised (Later) In January 2001.

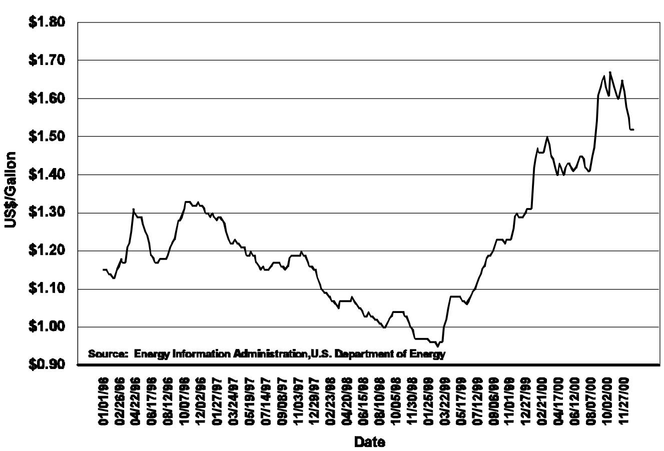
*Traded rates

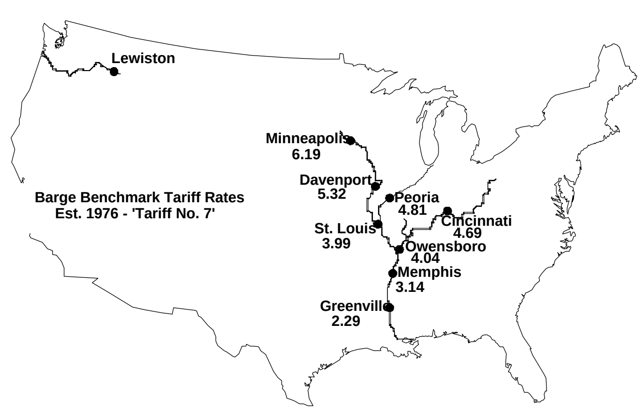
Southbound Barge Freight Spot Rates

	1/3/00	12/27/00	Feb. '00	Apr. '00
Twin Cities	0	0	0	206
Mid-Mississippi	0	0	0	180
Illinois River	255	260	193	168
St. Louis	176	186	152	148
Lower Ohio	151	138	148	146
Cairo-Memphis	121	120	127	130

Source: Transportation & Marketing /AMS/USDA
nq=no quote;

Weekly Retail Diesel (Road) Prices (Including Taxes)



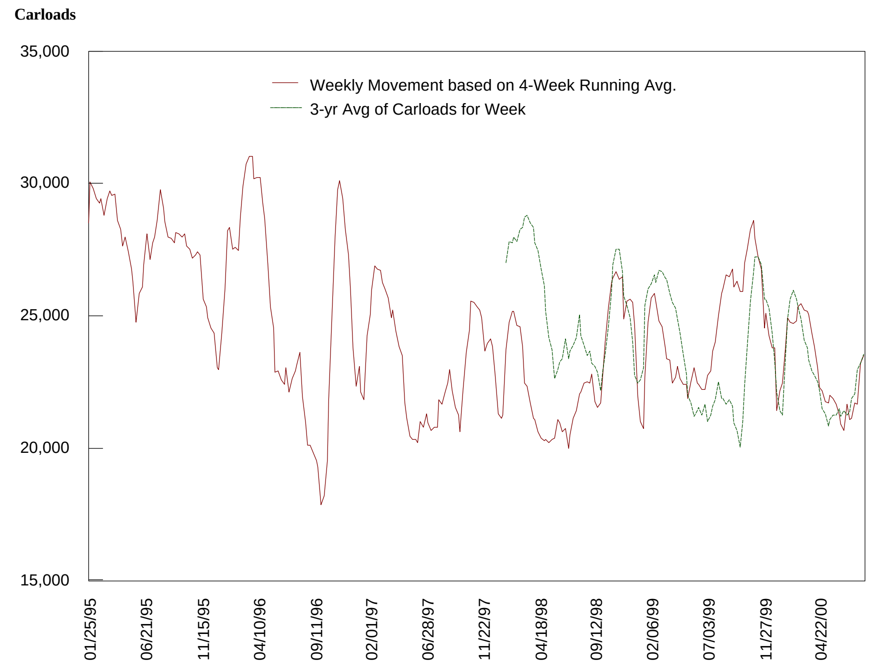


Class I Railroad Grain Car Loadings

Week Ending:	Carloads
12/16/00	19,516
12/23/00	19,245
12/30/00	14,909
Year to Date - 2000	1,188,917
Year to Date - 1999	1,270,375
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads

Grain Car Loadings for Class I Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
12/30/00	0	2,015	0	2,299	5,913	291	4,391	2,922	2,491
This Week Last Year	0	2,352	1,267	2,375	6,049	678	5,907	1,023	1,347
2000 YTD	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 YTD	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

January 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/08/01	45560	Wheat	Minneapolis, MN	Houston, TX	$2,050	$22.60	$0.62
01/08/01	43521	Wheat	Minneapolis, MN	Portland, OR	$3,877	$42.74	$1.16
01/08/01	46540	Wheat	Kansas City, MO	Houston, TX	$1,550	$17.09	$0.47
01/08/01	43586	Wheat	Kansas City, MO	Portland, OR	$4,240	$46.74	$1.27
01/08/01	43581	Wheat	Omaha, NE	Portland, OR	$3,905	$43.04	$1.17
01/08/01	31040	Corn	Minneapolis, MN	Portland, OR	$2,900	$31.97	$0.81
01/08/01	31035	Corn	Kansas City, MO	Portland, OR	$2,700	$29.76	$0.76
01/08/01	31040	Corn	Omaha, NE	Portland, OR	$2,700	$29.76	$0.76
01/08/01	61180	Soybean	Minneapolis, MN	Portland, OR	$2,680	$29.54	$0.80
01/08/01	61180	Soybean	Omaha, NE	Portland, OR	$2,430	$26.79	$0.73
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	$2,780	$25.23	$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

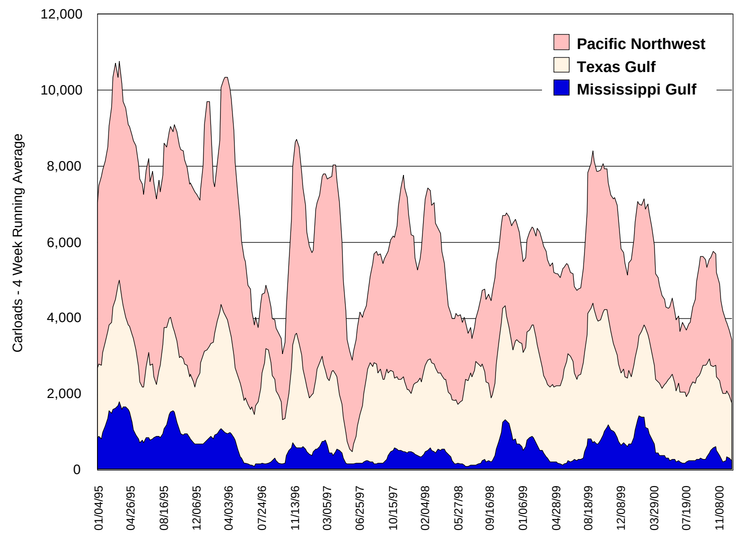
Rail Deliveries to Port
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
11/29/00	309*	1,827	1,658	367
12/06/00	397*	1,546	1,707	201
12/13/00	411*	1,793	1,591	345
12/20/00	212*	1,260	2,016	129
12/27/00	14*	1,339	1,350	131
01/03/01	108*	826	1,618	610
YTD 2001	108*	826	1,618	610
YTD 2000	494	1,634	2,338	62
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

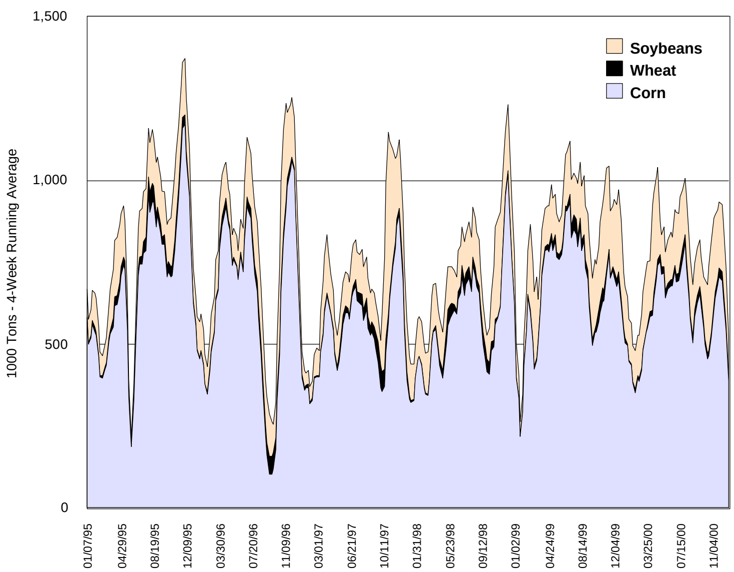
Source: Transportation & Marketing/AMS/USDA

(*) Incomplete Data

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements
for week ending 12/30/00

	Corn	Wht	Sybn	Total
		1,000 Tons		
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	5	0	0	5
Alton, IL (L26)	144	0	28	185
Granite City, IL (L27)	197	24	31	265
Illinois River (L8)	87	0	17	117
Ohio (L52)	87	15	34	183
Arkansas (L1)	0	14	11	25
2000 YTD	33,482	2,518	10,327	48,247
1999 YTD	36,711	2,883	9,771	51,887
Total 1999	36,711	2,883	9,771	51,887
Total 1998	31,001	2,401	8,674	45,134

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers; n/a=not available

U.S. Export Balances (1,000 Metric Tons)

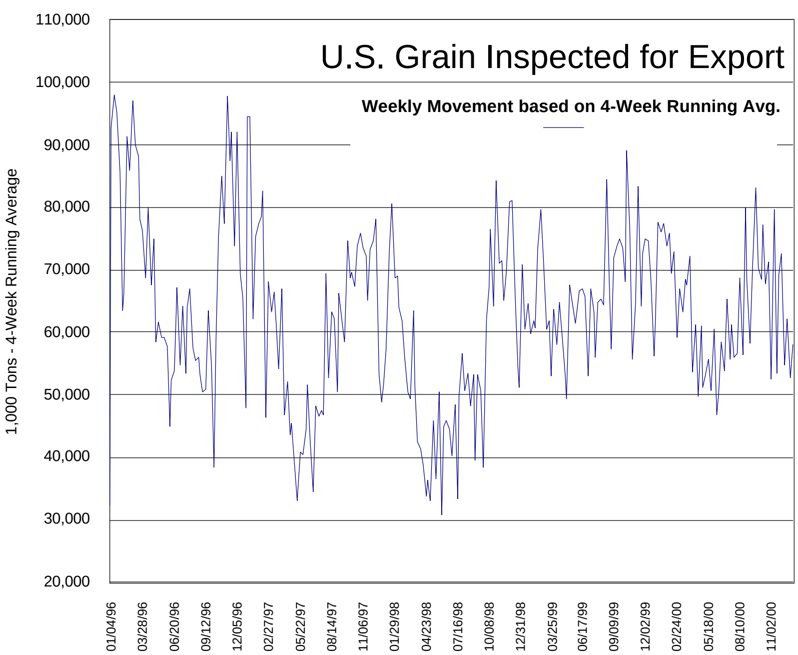
	Wheat						Corn	Soybean	Total
	HRW	*SRW*	*HRS*	*SWW*	*DUR*	*All*			
Unshipped Exports-Crop Year									
12/28/00	998	296	923	666	170	3,054	6,697	6,134	15,885
This Week Year Ago	894	642	839	721	255	3,350	7,925	4,540	15,815
Cumulative Exports-Crop Year									
99/00 YTD	5,836	2,759	3,301	3,023	737	15,656	15,269	11,059	41,984
98/99 YTD	7,280	2,514	3,375	2,326	563	16,058	17,010	17,713	50,781
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*
01/04/01	122	70	0	132	478	737	0	0	0
2000 YTD	10,129	5,947	1,647	6,961	35,469	18,733	6,984	470	1,008
1999 YTD *	9,978	9,041	1,143	7,231	36,108	15,594	8,734	557	1,487
% of Last Year	93%	136%	253%	138%	113%	126%	96%	84%	72%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (‘98 = 53 week period)



Select Canadian Ports - Export Inspections
1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 1/04/01			
Vancouver	2,794	191	538
Prince Rupert	434		0
Prairie Direct	471	152	138
Thunder Bay	492	171	36
St. Lawrence	1,454	1,041	25
2000 YTD Exports	5,645	1,555	737
1999 YTD Exports	5,457	1,566	585
% of Last Year	103%	99%	126%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31

Gulf Region Vessels Loaded - Past 7 Days-

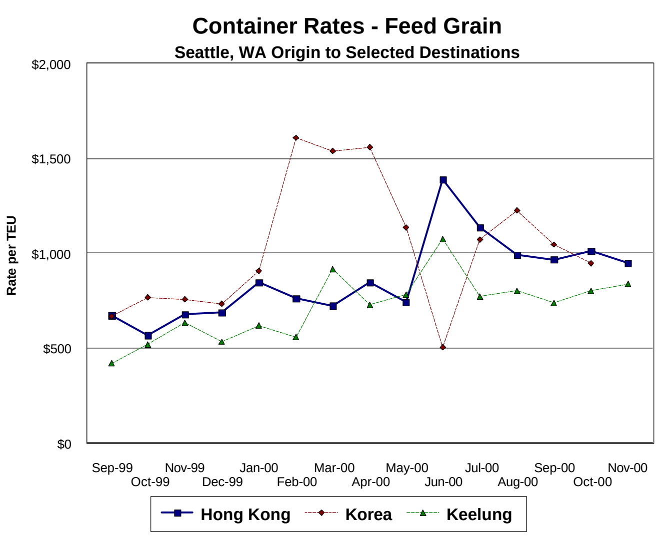
Port Region Ocean Grain Vessels

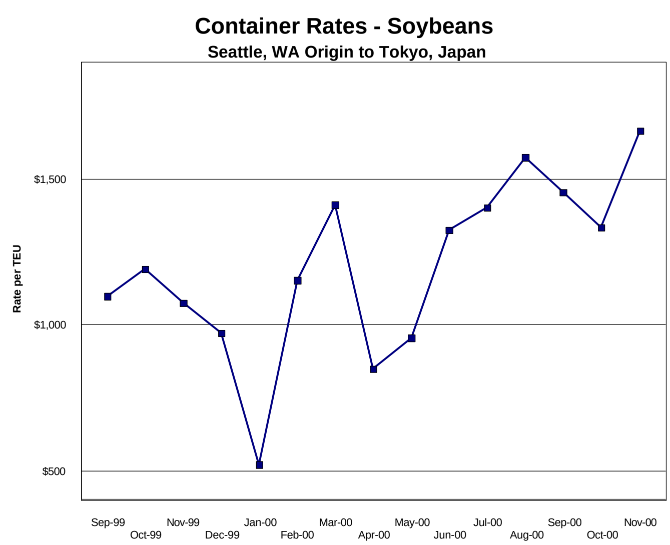
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
12/28/00	34	34	61	8			n/a	n/a	n/a
01/04/01	32	19	47	54			20	9	0
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

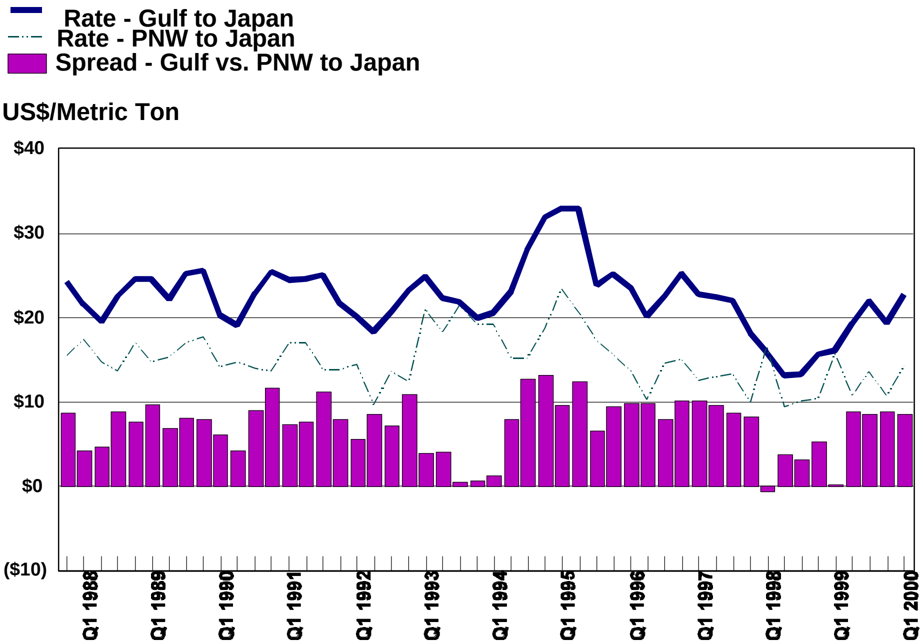
Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share







Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2000 3rd Qtr	1999 3rd Qtr	% Change
Gulf to			
Japan	$24.76	$19.46	27%
Mexico	$16.11	$14.97	8%
Venezuela	$15.13	$12.64	20%
N. Europe	$18.07	$13.31	36%
N. Africa	$34.19	$18.20	88%

	2000 3rd Qtr	1999 3rd Qtr	% Change
Pacific NW to			
Japan	$15.43	$10.71	44%
Red Sea/ Arabian Sea	$29.03		
Argentina to			
N. Europe	$18.62	$13.94	34%
Japan	$36.42	$23.00	58%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 1/6/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
Gulf	Venezuela	Corn/Meals	Spot	15,000/5,000	$13.00
Gulf	Cape Verde	Wheat/Corn	Jan.8/18	14,500/3,000	$13.00
Gulf	Lisbon/Hamburg	Grains	Prompt	20,000	$18.00
Gulf	China	Heavy Grain	Jan.8/15	55,000	$21.50
Paranagua	Spain	Heavy Grain	Jan.15/20	50,000	$13.75
Hamburg	Saudi Arabia	Barley	Spot	55,000	$14.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option